

Cost Savings in Michigan Long Term Care for Medicaid Eligible Participants

BECAUSE...

For many Michigan residents requiring Long Term Care services, those needs can be met effectively and more cost-efficiently in the participant's home as opposed to in the facility setting...

We Respectfully ASK...

Michigan Lawmakers to prioritize the funding of Direct Care Worker services provided for Medicaid Participants through the MI Choice HCBS Waiver program at a level of funding that:

- a. supports service availability across the state, and
- b. supports sustainability of the program by funding reasonable bill rates that will effectively cover the cost of providing life-sustaining in home care for Michigan's vulnerable elderly and disabled citizens.

Current cost per month for Non-Sustainable DCW care in the participant's home (Average 43.78 hours/month)	\$1067.79 per month
For Sustainability... Cost per month if same 43.78 hours DCW care billed at current market rate	\$1,451.95 per month

For Consideration...

In March of 2025, Compassionate Care Home Health provided Direct Care Worker (DCW) services, through the Medicaid HCBS program, to 151 active clients through contracts with 5 authorizing MI Choice Waiver agencies.

These 151 active MI Choice HCBS Waiver clients:

- Represented 25 Michigan counties.
(Alcona, Alpena, Antrim, Arenac, Bay, Cheboygan, Clare, Crawford, Gladwin, Grand Traverse, Gratiot, Iosco, Kalkaska, Lake, Leelanau, Manistee, Midland, Missaukee, Montmorency, Ogemaw, Presque Isle, Roscommon, Saginaw, Tuscola, Wexford)
- Averaged 42.78 hours of DCW care received per client, per month.

These 5 authorizing MI Choice Waiver agencies establish their own individually contracted bill rates.

Average billable rate for the above referenced DCW services rendered = \$24.96 per hour.

This rate includes the CV Premium wage pass-through generously provided by Michigan Lawmakers.

The average bill rate for these DCW services across all payer sources (inclusive of the Medicaid Waiver rate) in this same geographic area (the same 25 Michigan counties) = \$33.94 per hour.

This discrepancy of almost \$9 per hour has had a devastating impact on the availability of in-home care services for Michigan's elderly and disabled. It has become almost impossible for home care agencies to continue to serve Medicaid participants, and many (roughly half but some estimates) of agencies who served these participants in the past are no longer willing to do so.

Additional Consideration...

We are seeing a modest swell in Medicaid participants as a direct result of the Auto No Fault Reform legislation of 2019. Certain individuals who may not have qualified for Medicaid previously, whose care needs are caused by a catastrophic motor vehicle accident, and whose care would traditionally have been covered under MCCA, are now finding themselves in need of Medicaid to provide for their health care needs once other policy benefits and personal savings are exhausted.

Prioritizing in home care, including sustainable funding of the MI Choice Waiver HCBS program, will position Michigan to meet the needs of these survivors in the most cost-effective manner possible while Michigan Lawmakers determine the best course of action moving forward.

For Comparison...

Long Term Care received in a nursing home in Michigan averages \$11,214 per month for a semi-private room, or \$12,165 per month for a private room (2024 rates).

When Memory Care is needed, an additional \$1,025 (on average) is added to that cost per month.

We recognize that cost savings are only realized when Medicaid participants can be safely cared for in the home setting with intermittent services or with informal (family) support if continual care is required.

We recognize that when continual or nearly continual (24/7) care is required, it is generally more cost-effective to provide that care in a facility setting.

Actual Cost of Providing One Hour of Care in the Home (at Minimum Wage)

Wages	Minimum Wage	\$12.48
	CV Premium Wage Pass-Through	\$3.40
Payroll Taxes	FUTA	\$0.13
	MESC/SUTA	\$0.29
	Social Security	\$0.99
	Medicare	\$0.23
Benefits	PTO (Vacation/Sick Time)	\$0.58
	Health Insurance	\$2.78
Misc.	Workers' Compensation	\$0.28
	Liability Insurance	\$0.96
	Travel Time	\$0.54
	Caregiver Training (minimum)	\$0.22
	Supervisory Visits (minimum)	\$0.21
	EVV clock in/clock out	\$0.29
	Direct Deposit/W-2/1095	\$0.05
Actual Cost per Hour		\$23.43

The table above is based on a caregiver earning minimum wage.

Most caregivers earn a pay rate above minimum wage.

The table above is limited to actual employee costs and is NOT inclusive of other costs required to make the delivery of in home care possible.

Understanding the Challenges of Electronic Visit Verification in Home Care

The Basics...

1. Each home care company is required to purchase/contract with an EMR (Electronic Medical Records) provider who can interface with EVV for compliance with documentation requirements.
2. Each DCW/caregiver is required to download the EVV app onto their personal handheld device.
3. At the beginning of each shift the caregiver clocks in using the app. The app uses a geo-location function to confirm that the caregiver has arrived on-site.
4. At the end of each shift the caregiver documents all services rendered, clocks out, and captures the client's electronic signature on the app. The app uses a geo-location function to confirm that the caregiver is still on-site.

To Bill for Services Rendered...

1. The home care agency syncs data collected through their EMR to the server at HHA Exchange.
2. HHA Exchange then makes that data available to the designated payer source.
3. The designated payer source reviews the data to confirm accuracy, then pays for services rendered according to contracted authorizations.

Trouble-Shooting...

1. When something breaks down in this process, we receive an Error Report from HHA Exchange. This Error Report lists an error code. We do not currently have access to the master list to identify what these numeric error codes represent, which makes it difficult for us to problem solve as issues arise.
2. Common Error Codes we receive are for issues related to:
 - a. Data entered by the authorizing Waiver agency is incomplete or inaccurate.
 - b. Caregiver unable to be properly verified in the HHA Exchange system. This error refers to something about the caregiver identification missing or being inaccurate (name, address, DOB, phone number, gender, or SS#) in the system. On multiple occasions we have found this data to be correct on our end, but apparently incomplete on HHA Exchange's end. Our personnel have tried to reach out to HHA Exchange but have experienced ongoing difficulty and have often been unable to get any response or resolution from HHA Exchange.
3. All home care agencies in the state are required to sync data for services delivered through HHA Exchange. Our experience with the Customer Service Department at HHA Exchange has been less than satisfactory.

Soft Launch vs. Hard Launch...

1. Because Michigan is currently in a Soft Launch phase, services are still being paid when rendered as authorized, even when we are unable to effectively resolve Error Reports with HHA Exchange.
2. If Michigan moves to a Hard Launch phase, we are very concerned that the unresponsiveness we are experiencing with HHA Exchange will result in loss of payment for services rendered.

De-Coupling...

We understand that data relative to services delivered must be collected electronically to comply with Federal requirements.

Because the system in Michigan is not consistently functioning smoothly and errors are not being resolved effectively, we are respectfully asking Michigan Lawmakers to de-couple this electronic data collection from the billing and payment of services rendered.